

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 L-03 H-01 DODE-00 PA-01 HA-05 IO-13
/119 W

-----084559 221459Z /46

P R 221401Z MAR 78
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC PRIORITY 7354
INFO AMEMBASSY PRETORIA
AMEMBASSY LONDON
AMCONSUL IBADAN
AMCONSUL KADUNA

C O N F I D E N T I A L LAGOS 3669

E.O. 11652: GDS
TAGS: EFIN, ESTC, PGOV, NI
SUBJECT: FMG PENALIZES BARCLAY'S BANK FOR DEALING WITH SOUTH AFRICA

REF: LAGOS 1462 (NOTAL)

1. BEGIN UNCLASSIFIED. FMG ANNOUNCED MARCH 21 THAT IT WAS WITHDRAWING ALL FEDERAL GOVERNMENT DEPOSITS FROM BARCLAY'S BANK (NIG) LTD. AND ORDERING ONE-THIRD REDUCTION IN BANK'S EXPATRIATE QUOTA BECAUSE OF COMPANY'S (THE BARCLAY GROUP) INVESTMENTS IN SOUTH AFRICA. SPECIFIC ACTION THAT INFLAMED FMG WAS BANK'S INVESTMENT OF \$14 MILLION IN SOUTH AFRICAN DEFENSE BOND ISSUE IN DECEMBER 1977, A FACT THAT APPARENTLY HAS JUST COME TO LIGHT. FYI: BARCLAY'S (NIG) LTD. IS LARGEST PRIVATE BANK IN NIGERIA WITH OVER U.S. \$1.6 BILLION IN DEPOSITS. END FYI.

2. MARCH 22 DAILY TIMES REPORTED FMG ACTION WAS IN RESPONSE TO STATEMENT MADE BY BARCLAY'S BANK (U.K.) CHAIRMAN ANTHONY DUKE IN MARCH 10 FINANCIAL TIMES WHICH QUOTE SHOWED THAT (BARCLAY'S) POLICY
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TURNED OUT TO BE COLLABORATION WITH APARTHEID SOUTH AFRICA -- WHICH IS AT VARIANCE WITH THE DECLARED STAND OF THE FEDERAL GOVERNMENT. UNQUOTE.

3. BEGIN CONFIDENTIAL. COMMENT. WE DO NOT VIEW FMG ACTION AS START OF GENERAL CRACKDOWN ON MULTINATIONAL FIRMS WHO HAVE INVESTMENTS IN SOUTH AFRICA AND NIGERIA. IN ESSENCE, WE REGARD FMG

MOVE AS AN EXAMPLE OF A QUOTE DRAMATIC REACTION UNQUOTE AGAINST A
MEASURE CLEARLY IF NOT FLAGRANTLY SUPPORTIVE OF THE SOUTH AFRICAN
REGIME. NIGERIA'S BASIC PRAGMATISM, I.E. THE AWARENESS OF THE
IMPORTANCE OF FOREIGN INVESTMENT HERE, SHOULD CONTINUE DOMINANT.
THUS, ALTHOUGH FMG NOT HAPPY WITH MULTINATIONAL INVESTMENT IN SOUTH
AFRICA, FMG WILLING TO TOLERATE MULTINATIONAL PRESENCE IN NIGERIA
AND SOUTH AFRICA SO LONG AS SOUTH AFRICAN INVESTMENT STAYS WITHIN
CERTAIN LIMITS. LIMITS INCLUDE MAINTAINING A LOW PROFILE, NO
INVESTMENT INCREASES AND NO DIRECT INVESTMENT IN DEFENSE SECTOR.
FMG APPARENTLY JUDGED THAT BARCLAY'S VIOLATED THESE LIMITS AND
DECIDED TO QUOTE POUNCE UNQUOTE. FMG ACTION PROBABLY WAS INTENDED
TO COINCIDE WITH ANTI-APARTHEID DAY MARCH 21. END CONFIDENTIAL.
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